



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE

Botsford Health Plan

NAIC Group Code	0000	0000	NAIC Company Code	52570	Employer's ID Number	38-3243956
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated	06/26/1995			Commenced Business	10/01/1996	
Statutory Home Office	28050 Grand River Avenue			Farmington Hills, MI 48336-5933		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	28050 Grand River Avenue					
	Farmington Hills, MI 48336-5933			248-471-8157-0000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	28050 Grand River Avenue			Farmington Hills, MI 48336-5933		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	28050 Grand River Avenue					
	Farmington Hills, MI 48336-5933			248-471-8157-0000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.botsfordsystem.org/bhp					
Statutory Statement Contact	Reginia Doxtader			248-471-8157-0000		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	rdoxtader@botsford.org			248-471-8887-0000		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	25250 West Eight Mile Rd.					
	Southfield, MI 48034-0000			248-945-7405-0000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

President	Gerson I. Cooper Brd Member	Secretary	Lisa D. Vandecaveye
Treasurer	David Marcellino		

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Gerson I Cooper	Paul E. LaCasse D.O.	Jack D. Lennox D.O.
Sanjay Lakhani D.O.	Kevin Frankell D.O.	Bridgette A. Davis
Ethel Harris	Annette Johnson	

State ofMichigan.....

County ofOakland.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Gerson I. Cooper - Board Member
President

Lisa D. Vandecaveye
Secretary

David Marcellino
Treasurer

Subscribed and sworn to before me this
04 03
03
day of 03, 2004

Susan Kafcas
Executive Assistant
5/28/07

a. Is this an original filing? Yes [X] No []
b. If no,

1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$7,156,340 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short -term investments (\$1,006,995 , Schedule DA).....	8,163,335		8,163,335	9,245,270
6. Contract loans, (including \$premium notes)			.0	.0
7. Other invested assets (Schedule BA) .....	.0	.0	.0	.0
8. Receivable for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9)	8,163,335	.0	8,163,335	9,245,270
11. Investment income due and accrued	514		514	763
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....			.0	884,027
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			.0	.0
12.3 Accrued retrospective premium.....			.0	.0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....			.0	.0
13.2 Funds held by or deposited with reinsured companies .....			.0	.0
13.3 Other amounts receivable under reinsurance contracts .....			.0	.0
14. Amounts receivable relating to uninsured plans .....			.0	.0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
15.2 Net deferred tax asset.....			.0	.0
16. Guaranty funds receivable or on deposit .....			.0	.0
17. Electronic data processing equipment and software.....	530,646	510,196	20,450	10,852
18. Furniture and equipment, including health care delivery assets (\$)	144,242	26,248	117,994	75,756
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivables from parent, subsidiaries and affiliates .....			.0	.0
21. Health care (\$) and other amounts receivable.....	91,238		91,238	17,505
22. Other assets nonadmitted	225,125	225,125	.0	.0
23. Aggregate write-ins for other than invested assets .....	.0	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	9,155,100	761,569	8,393,531	10,234,173
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	9,155,100	761,569	8,393,531	10,234,173
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	2,728,701		2,728,701	2,872,149
2. Accrued medical incentive pool and bonus amounts	2,416,160		2,416,160	3,594,562
3. Unpaid claims adjustment expenses	42,900		42,900	42,900
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	455,726		455,726	85,414
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	165,891		165,891	217,694
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$1,036,304 current)	1,036,304	0	1,036,304	0
22. Total liabilities (Lines 1 to 21)	6,845,682	0	6,845,682	6,812,719
23. Common capital stock	XXX	XXX		0
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	1,547,849	3,421,455
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	1,547,849	3,421,455
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	8,393,531	10,234,174
DETAILS OF WRITE-INS				
2101. Accounts Payable - MDCH Settlement	1,036,304	0	1,036,304	0
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	1,036,304	0	1,036,304	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	127,648	102,782
2. Net premium income (including non-health premium income).....	XXX	23,386,059	19,960,701
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(1,008,645)	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	22,377,414	19,960,701
Hospital and Medical:			
9. Hospital/medical benefits		13,346,444	10,037,301
10. Other professional services		1,545,048	1,141,125
11. Outside referrals			0
12. Emergency room and out-of-area		755,684	589,793
13. Prescription drugs		2,456,507	1,648,307
14. Aggregate write-ins for other hospital and medical.....	0	570,836	(993,046)
15. Incentive pool, withhold adjustments and bonus amounts.....		2,408,803	4,858,783
16. Subtotal (Lines 9 to 15)	0	21,083,322	17,282,263
Less:			
17. Net reinsurance recoveries		304,680	41,593
18. Total hospital and medical (Lines 16 minus 17)	0	20,778,642	17,240,670
19. Non-health claims			
20. Claims adjustment expenses		364,400	387,201
21. General administrative expenses.....		3,018,567	1,858,226
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	24,161,609	19,486,097
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,784,195)	474,604
25. Net investment income earned		91,819	121,320
26. Net realized capital gains or (losses)			0
27. Net investment gains or (losses) (Lines 25 plus 26)	0	91,819	121,320
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	88,472
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(1,692,376)	684,396
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,692,376)	684,396
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment Tax.....	XXX	(1,008,645)	0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(1,008,645)	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. IP Settlement - 2001.....		119,661	0
1402. Patient transportation services.....		451,175	355,305
1403. Prior Year Settlement.....			(1,348,351)
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	570,836	(993,046)
2901.			0
2902. Contractor Performance Bonus - Benchmark Adjustment.....			88,472
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	88,472

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting period	3,421,455	3,054,749
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	(1,692,376)	684,396
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	0	0
39. Change in nonadmitted assets	(181,230)	(317,690)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(1,873,606)	366,706
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,547,849	3,421,455
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	24,270,086	19,472,857
2. Net investment income	92,068	121,320
3. Miscellaneous income	(1,082,378)	1,436,822
4. Total (Lines 1 to 3)	23,279,776	21,030,999
5. Benefits and loss related payments	22,100,492	15,589,548
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	3,184,977	1,798,485
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	25,285,469	17,388,033
11. Net cash from operations (Line 4 minus Line 10)	(2,005,693)	3,642,966
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	0
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	923,755	(347,134)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	923,755	(347,134)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	(1,081,938)	3,295,832
19. Cash and short-term investments:		
19.1 Beginning of year	9,245,274	5,949,442
19.2 End of period (Line 18 plus Line 19.1).....	8,163,336	9,245,274

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	23,386,059							23,386,059					
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												XXX
4. Risk revenue.....	0							0					XXX
5. Aggregate write-ins for other health care related revenues	(1,008,645)	0	0	0	0	0	0	(1,008,645)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	22,377,414	0	0	0	0	0	0	22,377,414	0	0	0	0	0
8. Hospital/medical/ benefits	13,346,444							13,346,444					XXX
9. Other professional services	1,545,048							1,545,048					XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	755,684							755,684					XXX
12. Prescription Drugs	2,456,507							2,456,507					XXX
13. Aggregate write-ins for other hospital and medical.....	570,836	0	0	0	0	0	0	570,836	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	2,408,803							2,408,803					XXX
15. Subtotal (Lines 8 to 14)	21,083,322	0	0	0	0	0	0	21,083,322	0	0	0	0	XXX
16. Net reinsurance recoveries	304,680							304,680					XXX
17. Total medical and hospital (Lines 15 minus 16)	20,778,642	0	0	0	0	0	0	20,778,642	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses	364,400							364,400					
20. General administrative expenses	3,018,567							3,018,567					
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	24,161,609	0	0	0	0	0	0	24,161,609	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(1,784,195)	0	0	0	0	0	0	(1,784,195)	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance assessment Tax.....	(1,008,645)							(1,008,645)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(1,008,645)	0	0	0	0	0	0	(1,008,645)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Patient Transportation.....	451,175							451,175					XXX
1302. IP Settlement.....	119,661							119,661					XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	570,836	0	0	0	0	0	0	570,836	0	0	0	0	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	23,697,207		311,148	23,386,059
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	23,697,207	.0	311,148	23,386,059
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	23,697,207	0	311,148	23,386,059

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	18,817,967						.0	18,817,967					
1.2 Reinsurance assumed .....	.0												
1.3 Reinsurance ceded	306,230							306,230					
1.4 Net	18,511,737	.0	.0	.0	.0	.0	.0	18,511,737	.0	.0	.0	.0	.0
2. Paid medical incentive pools and bonuses	3,588,651						.0	3,588,651					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	2,728,701	.0	.0	.0	.0	.0	.0	2,728,701	.0	.0	.0	.0	.0
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	2,728,701	.0	.0	.0	.0	.0	.0	2,728,701	.0	.0	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....	.0												
4.2 Reinsurance assumed .....	.0												
4.3 Reinsurance ceded .....	.0												
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	2,416,160						.0	2,416,160					
6. Amounts recoverable from reinsurers December 31, current year .....	.0						.0						
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	2,872,149	.0	.0	.0	.0	.0	.0	2,872,149					
7.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0					
7.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0					
7.4 Net	2,872,149	.0	.0	.0	.0	.0	.0	2,872,149	.0	.0	.0	.0	.0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0					
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0					
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0					
8.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year	3,594,562	.0	.0	.0	.0	.0	.0	3,594,562					
10. Amounts recoverable from reinsurers December 31, prior year .....	.0	.0	.0	.0	.0	.0	.0	.0		.0			
11. Incurred Benefits:													
11.1 Direct	18,674,519	.0	.0	.0	.0	.0	.0	18,674,519	.0	.0	.0	.0	.0
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	306,230	.0	.0	.0	.0	.0	.0	306,230	.0	.0	.0	.0	.0
11.4 Net	18,368,289	.0	.0	.0	.0	.0	.0	18,368,289	.0	.0	.0	.0	.0
12. Incurred medical incentive pools and bonuses	2,410,249	.0	.0	.0	.0	.0	.0	2,410,249	.0	.0	.0	.0	.0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	408,221							408,221					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	408,221	0	0	0	0	0	0	408,221	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	2,320,480							2,320,480					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	2,320,480	0	0	0	0	0	0	2,320,480	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	2,728,701	0	0	0	0	0	0	2,728,701	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	2,728,701	0	0	0	0	0	0	2,728,701	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.....0	.....0
2. Medicare Supplement .....					.....0	.....0
3. Dental Only.....					.....0	.....0
4. Vision Only.....					.....0	.....0
5. Federal Employees Health Benefits Plan Premiums .....					.....0	.....0
6. Title XVIII - Medicare .....					.....0	.....0
7. Title XIX - Medicaid.....	.....3,126,477	.....15,385,260	.....0	.....2,728,702	.....3,126,477	.....2,872,149
8. Other health .....					.....0	.....0
9. Health subtotal (Lines 1 to 8).....	.....3,126,477	.....15,385,260	.....0	.....2,728,702	.....3,126,477	.....2,872,149
10. Other non-health.....					.....0	
11. Medical incentive pools, and bonus amounts .....	.....3,588,651	.....0	.....7,357	.....2,408,803	.....3,596,008	.....3,594,562
12. Totals (Lines 9 to 11)	6,715,128	15,385,260	7,357	5,137,505	6,722,485	6,466,711

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior					
2. 1999		321	13	0	0
3. 2000	XXX	5,190	1,227	5	0
4. 2001	XXX	XXX	8,460	2,007	13
5. 2002	XXX	XXX	XXX	9,523	3,113
6. 2003	XXX	XXX	XXX	XXX	15,385

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	321	13	0	
3. 2000	XXX	6,784	1,227	0	
4. 2001	XXX	XXX	10,487	(1,363)	119
5. 2002	XXX	XXX	XXX	13,787	254
6. 2003	XXX	XXX	XXX	XXX	17,951

[illegible]

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN**

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	0
2. 1999	0	321	13	0	0
3. 2000	XXX	5,190	1,227	5	0
4. 2001	XXX	XXX	8,460	2,007	13
5. 2002	XXX	XXX	XXX	9,523	3,113
6. 2003	XXX	XXX	XXX	XXX	15,385

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	0
2. 1999	0	321	13	0	0
3. 2000	XXX	6,784	1,227	0	0
4. 2001	XXX	XXX	10,487	(1,363)	119
5. 2002	XXX	XXX	XXX	13,787	254
6. 2003	XXX	XXX	XXX	XXX	17,951

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)												
5. Aggregate write-ins for other policy reserves												
6. Totals (Gross)												
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (Gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)												

(a) Includes \$ premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....	9,458	37,832		47,290
2. Salaries, wages and other benefits.....	153,357	1,307,592		1,460,949
3. Commissions (less \$ ceded plus \$ assumed).....				.0
4. Legal fees and expenses.....		15,176		15,176
5. Certifications and accreditation fees.....				.0
6. Auditing, actuarial and other consulting services.....		26,000		26,000
7. Traveling expenses.....	206	36,191		36,397
8. Marketing and advertising.....		114,491		114,491
9. Postage, express and telephone.....	8,179	56,677		64,856
10. Printing and office supplies.....	3,323	62,186		65,509
11. Occupancy, depreciation and amortization.....		172,323		172,323
12. Equipment.....		11,864		11,864
13. Cost or depreciation of EDP equipment and software.....	67,114	100,209		167,323
14. Outsourced services including EDP, claims, and other services.....	122,194	961,292		1,083,486
15. Boards, bureaus and association fees.....		28,066		28,066
16. Insurance, except on real estate.....		37,622		37,622
17. Collection and bank service charges.....		11,699		11,699
18. Group service and administration fees.....				.0
19. Reimbursements by uninsured accident and health plans.....				.0
20. Reimbursements from fiscal intermediaries.....				.0
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				.0
23.2 State premium taxes.....				.0
23.3 Regulatory authority licenses and fees.....				.0
23.4 Payroll taxes.....				.0
23.5 Other (excluding federal income and real estate taxes).....	130	6,115		6,245
24. Investment expenses not included elsewhere.....				.0
25. Aggregate write-ins for expenses.....	439	33,232	0	33,671
26. Total expenses incurred (Lines 1 to 25).....	364,400	3,018,567	.0 (a)	3,382,967
27. Less expenses unpaid December 31, current year.....	42,900	455,726		498,626
28. Add expenses unpaid December 31, prior year.....	42,900	85,414		128,314
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	364,400	2,648,255	0	3,012,655
DETAIL OF WRITE-INS				
2501. Education & Seminars.....	169	16,850	.0	17,019
2502. Dietary.....		772		772
2503. Freight Charges.....		86		86
2598. Summary of remaining write-ins for Line 25 from overflow page.....	270	15,524	.0	15,794
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	439	33,232	0	33,671

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e) 92,068	..... 91,819
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	..... 0	..... 0
10.	Total gross investment income .....	..... 92,068	..... 91,819
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total (Lines 11 through 15) .....		..... 0
17.	Net Investment Income - (Line 10 minus Line 16) .....		..... 91,819
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	..... 0	..... 0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		..... 0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/Short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)					

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED
ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	536,444	383,260	(153,184)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....		0	0
2.5 Commuted commissions.....		0	0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets.....	225,125	197,079	(28,046)
5. Total (Line 1 plus Lines 3 and Line 4)	761,569	580,339	(181,230)
0401. Prepaid expenses.....	196,152	158,175	(37,977)
0402.		0	0
0403. Vehicles.....	28,973	38,904	9,931
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	225,125	197,079	(28,046)

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

		Total Members at End of					
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations.....		9,592	9,806	10,488	10,834	11,344	127,648
2. Provider Service Organizations.....		0					
3. Preferred Provider Organizations.....		0					
4. Point of Service.....		0					
5. Indemnity Only.....		0					
6. Aggregate write-ins for other lines of business		0	0	0	0	0	0
7. Total		9,592	9,806	10,488	10,834	11,344	127,648
DETAILS OF WRITE-INS							
0601.							
0602.							
0603.							
0698. Summary of remaining write-ins for Line 6 from overflow page		0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)		0	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

Botsford health Plan prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Services of the State of Michigan ("OFIS"). Effective January 1, 2003, OFIS required that HMO's domiciled in the State of Michigan prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual (the "Manual") as modified by OFIS. Accordingly, the admitted assets, liabilities, and surplus of the Company as of December 31, 2003, and the results of its operations and its cash flow for the year ended have been determined in accordance with the new accounting principles. There was no significant impact to the Company to conform to the Manual.

The State has permitted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically 100% of all furniture and equipment can be considered admitted assets by Michigan domiciled companies. In NAIC SAP, fixed assets are not admitted. If NAIC SAP was followed furniture and equipment would reduce total capital and surplus by approximately \$118,000 at the end of 2003.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the OFIS's accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements and accompanying notes. Actual results could differ from those estimates.

C. Accounting Policy

The Plan uses the following accounting policies:

- (i) The Plan classifies all highly liquid investments purchased with a maturity of three months or less as cash equivalents. Short term investments include exempt money market funds.
 - (ii) Claims Payable includes estimates for reported and unreported claims, based on past experience modified for current trends. Management believes claims payable at December 31, 2003 and 2002 are adequate to cover the ultimate cost of settling all claims incurred to date. Because losses depend upon factors such as cost trends and inflation, the process used to establish the liability for claims payable is based on estimates. Adjustments resulting from revisions of those estimates are charged or credited to operations in the period in which the revisions are made.
 - (iii) The Plan recognizes premiums from the State of Michigan as income in the period in which they are earned. No premiums are collected in advance. Premiums for retroactive adjustments are recorded when received. Settlements with MDCH for medical claims from previous periods are reported as changes in estimates and classified as adjustments to medical expenses. Settlements reported in 2003 and 2002 resulted in increases (decreases) in medical expense of approximately \$119,000 and \$1,348,000, respectively.
 - (iv) The Plan records furniture and equipment at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets range from 3 to 15 years.
- 2. Accounting Changes and Corrections of Errors - Not Applicable**
- 3. Business Combinations & Goodwill - Not Applicable**
- 4. Discontinued Operations - Not Applicable**
- 5. Investments - Not Applicable**
- 6. Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable**
- 7. Investment Income - Not Applicable**
- 8. Derivative Instruments - Not Applicable**
- 9. Income Taxes - Botsford Health Plan has been recognized by the Internal Revenue Service as an organization exempt from income taxes under Internal Revenue Code Section 501 (c)(4).**
- 10. Information Concerning Parent, Subsidiaries and Affiliates - Botsford General Hospital and affiliates provided approximately 26% of the Plan's medical expenses during 2003 and 23% during 2002. The Plan had outstanding medical claims payable owing to Botsford General Hospital at December 31, 2003 and 2002 of \$0.00 and \$268,000 respectively.**

The Plan entered into an agreement with Zieger Health Care Corporation ("ZHCC") to provide day-to-day management and operational services necessary to operate the Plan as a licensed health maintenance organization in Michigan. The Plan, through its Board of Directors, maintains the right, at all times, to exercise ultimate authority and control over policies and assets of the Plan, and shall retain the ultimate authority and responsibility regarding the powers, duties,

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN**

NOTES TO FINANCIAL STATEMENTS

and responsibilities vested in the Plan by law. ZHCC has assigned the responsibility of providing operational services, including employees, to Botsford General Hospital.

The Plan had amounts owing to Botsford General Hospital for wages, salaries, bonuses and employee benefits paid to personnel rendering or supervising services, supplies, rents, utilities and general office expenses at December 31, 2003 and 2002 of \$166,000 and \$217,000 respectively.

11. Debt - Not Applicable

12. Retirement Plans, Deferred Compensation, Posemployment Benefits & Compensated Absences and Other Postretirement Benefit Plans - Not Applicable

13. Capital and Surplus, Shareholders Dividend Restrictions and Quasi-Reorganizations - Not Applicable

14. Contingencies

The Plan is the defendant in litigation arising in the normal course of business. Management believes that the ultimate disposition of such contingencies will not have a material adverse effect on the Plan's financial position or results of operations. The Company has no assets that it considers to be impaired.

15. Leases

The Plan leases office space under an operating lease with Community EMS, an affiliate of ZHCC, with a term of one (1) year which expires on July 31, 2004. The lease has an option term for a one year renewal. The annual base rent is \$47,290. Rent expense was approximately \$47,000 and 32,000 for the years ended December 31, 2003 and 2002.

16. Information about Financial Instruments with Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not Applicable

20. Other items

A. Statutory Reserves - Under the laws of the State of Michigan, the Plan is required to fund a statutory reserve fund. The deposit is an amount determined adequate by the Commissioner but not less than \$100,000 plus 5% of annual premium revenue up to a \$1,000,000 maximum deposit. An investment trust is maintained in compliance with the requirements outlined above. Investments consist of United States Government obligations and are stated at fair value.

21. Subsequent Events - Not Applicable

22. Reinsurance - Under a reinsurance agreement with an insurance company, the Plan is liable for the first \$80,000 per member per contract year for 2003 and 2002, respectively. The liability in excess of this amount is assumed by the reinsurer, subject to certain limitations and deductibles ranging from 10% to 50%. The maximum coverage is limited to \$1,000,000 per member per contract year, with lifetime coverage limited to \$2,000,000 per member.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

24. Salvage and Subrogation - Not Applicable

25. Change in Incurred Claims and Claims Adjustment Expenses - Changes in actuarial estimates of unpaid and unreported claims reported reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN**

NOTES TO FINANCIAL STATEMENTS

Balance at January 1, 2002	\$ 2,027,688
Incurred related to:	
Current year	13,787,087
Prior year	(15,256)
Prior year settlements	<u>(1,348,350)</u>
Total incurred	12,423,481
Paid related to:	
Current year	
Prior year	9,523,689
Prior year settlements	<u>2,012,432</u>
Total paid	<u>11,536,121</u>
Balance at December 31, 2002	2,915,048
Incurred related to:	
Current year	17,994,302
Prior year	254,328
Prior year settlements	<u>119,660</u>
Total incurred	18,368,290
Paid related to:	
Current year	15,385,260
Prior year	<u>3,126,477</u>
Total paid	<u>18,511,737</u>
Balance at December 31, 2003	<u>\$ 2,771,601</u>

26. Health Care Receivables - Pharmacy rebates were approximately \$21,000 and \$17,000 as of Decmber 31, 2003 and 2002, respectively. Rebates are determined based upon billed prescription submissions.

27. Organization and Operation - Botsford Health Plan ("Plan") is a not-for-profit health maintenance organization and is licensed by the State of Michigan. The sole member of the Plan is Zieger Health Care Corporation. The Plan is also an affiliate of Botsford General Hospital, Botsford Continuing Care Corporation, Community Emergency Medical Services Inc. and Botsford Real Estate Service Corporation. Botsford Health Plan commenced operations in April 1996 as a not-for-profit capitated qualified health plan and became a licensed Michigan health maintenance organization on March 1, 2000.

The primary source of revenue is through a capitated agreement with the Michigan Department of Community Health ("MDCH") to provide comprehensive health care program ("CHCP") services for Medicaid beneficiaries in the service area of Wayne County. The contract is a unit price, per member per month capitated rate contract. The current contract with MDCH was effective October 1, 2002 and continues to October 1, 2004.

28. Minimum Net Worth - Under the laws of the State of Michigan, an HMO that provides 90% of benefit payout from contracted or employed providers, is required to maintain a minimum net worth of the greater of \$1,500,000 or 4% of subscription revenue or 3 months' uncovered expenditures. Net worth is determined on a statutory accounting basis. The Plan has met the minimum net worth requirements as of December 31, 2003 and 2002.

29. Risk Based Capital - In 2003, the plan identified a payment discrepancy for males in Wayne county between the ages of 1-4 years for an estimated overpayment of approximately \$340 per member month. The impact to 2003 operations was \$1.5 million. The Plan and the Michigan Department of Community Health agreed to a repayment plan to be completed by May 2004. As of December 31, 2003, approximately \$1,036,000 was outstanding. Due to the decrease in payment, the Plan's Risk Based Capital requirement was within the Regulatory Action level.

30. Participating Policies - Not applicable.

31. Premium Deficiency Reserves - No premium deficiency reserves were required as of December 31, 2003 and 2002.

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	8,163,335	100.000	8,163,335	100.000
9. Other invested assets		0.000		0.000
10. Total invested assets	8,163,335	100.000	8,163,335	100.000

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

11/01/2002
- 3.4

By what department or departments? Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

4.12 renewals?

Yes [] No [X]

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

4.22 renewals?

Yes [] No [X]

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

0.0

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [] No [X]
8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP Suite 900 600 Renaissance Center Detroit, MI 48243-1895
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mr. David Thoen, FSA, MAAA - Deloitte & Touche LLP Human Capital Advisory Services 400 One Financial Plaza 120 South Sixth Street Minneapolis, MN 55402-1844

11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
None
11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []
11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?. Yes [X] No []

FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
15.11 To directors or other officers .. \$0
15.12 To stockholders not officers ... \$0
15.13 Trustees, supreme or grand (Fraternal only) \$0
15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
15.21 To directors or other officers ... \$0
15.22 To stockholders not officers \$0
15.23 Trustees, supreme or grand (Fraternal only) \$0
16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
16.2 If yes, state the amount thereof at December 31 of the current year:
16.21 Rented from others \$0
16.22 Borrowed from others \$0
16.23 Leased from others \$0
16.24 Other \$0
Disclose in Notes to Financial the nature of each obligation.
17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
17.2 If answer is yes,
17.21 Amount paid as losses or risk adjustment \$0
17.22 Amount paid as expenses \$0
17.23 Other amounts paid \$0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	.....0	.....0	.....0.000	.....0	[]	[X]	[]	[X]
Common	0	0	0.000	XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [X] No []

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21	Loaned to others	\$	0
20.22	Subject to repurchase agreements	\$	0
20.23	Subject to reverse repurchase agreements	\$	0
20.24	Subject to dollar repurchase agreements	\$	0
20.25	Subject to reverse dollar repurchase agreements	\$	0
20.26	Pledged as collateral	\$	0
20.27	Placed under option agreements	\$	0
20.28	Letter stock or other securities restricted as to sale ...	\$	0
20.29	Other	\$	0

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31	20.35
20.32	20.36
20.33	20.37
20.34	20.38
	20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

¹ Name of Custodian(s)	² Custodian's Address
Standard Federal	2600 W. Big Beaver Road
ABN AMRO.....	Troy, MI 48084.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

¹ Name(s)	² Location(s)	² Complete Explanation(s)
.....
.....
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes [] No [X]

23.04 If yes, give full and complete information relating thereto:

¹ Old Custodian	² New Custodian	³ Date of Change	⁴ Reason
.....
.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

¹ Central Registration Depository Number(s)	² Name	² Address
.....
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?.....

Yes [] No [X]

24.2 If yes, complete the following schedule:

¹ CUSIP #	² Name of Mutual Fund	³ Book/Adjusted Carrying Value
.....
9999999. TOTAL	0

24.3 For each mutual fund listed in the table above, complete the following schedule:

¹ Name of Mutual Fund (from above table)	² Name of Significant Holding Of the Mutual Fund	³ Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	⁴ Date of Valuation
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)

OTHER

- 25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$25,145
- 25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans 327 Seymour Lansing, MI 48901.....	.....15,017

- 26.1 Amount of payments for legal expenses, if any?.....\$15,176
- 26.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Nuyen Tomitshen 640 Griswold Road Northville, MI 48167.....	.....12,875

- 27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0
- 27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

\$ 0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

\$ 0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

\$ 0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

\$ 0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$ 23,386,059

\$ 19,960,701

2.2

Premium Denominator

\$ 23,386,059

\$ 19,960,701

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

\$ 5,144,862

\$ 6,466,711

2.5

Reserve Denominator

\$ 5,144,861

\$ 6,466,711

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 189,972

5.32

Medical Only

\$ 0

5.33

Medicare Supplement

\$ 0

5.34

Dental

\$ 0

5.35

Other Limited Benefit Plan

\$ 0

5.36

Other

\$ 0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
provider Contract states that in the event of Plan's insolvency that Providers have no recourse against members and that members who are undergoing treatment at termination will continue to have services services provided until Plan notifies provider member has ranferred.been

7.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following Information regarding participating providers:

8.1

Number of providers at start of reporting year

189

8.2

Number of providers at end of reporting year

204

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [X] No []

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

22,688,562

9.22

Business with rate guarantees over 36 months

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES
(continued)

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold and Bonus/ Arrangements in its provider contract?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....2,416,160

10.22 Amount actually paid for year bonuses

\$.....

10.23 Maximum amount payable withholds

\$.....

10.24 Amount actually paid for year withholds

\$.....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [X] No []

11.14 A Mixed Model (combination of above) ?.....

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3

Michigan

If yes, show the name of the state requiring such net worth.

11.4 If yes, show the amount required.

\$.....1,500,000

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Wayne County, Michigan
Oakland County, Michigan.....

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE
BOTSFORD HEALTH PLAN

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	8,393,531	10,234,173	6,460,169	4,517,721	0
2. Total liabilities (Page 3, Line 22)	6,845,682	6,812,718	3,405,419	2,789,089	0
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	1,547,849	3,421,454	3,054,750	1,728,632	0
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	22,377,414	19,960,701	13,729,575	9,335,588	0
6. Total medical and hospital expenses (Line 18)	20,778,642	17,240,671	11,180,736	7,507,627	0
7. Total administrative expenses (Line 21)	3,018,567	1,858,225	1,418,022	1,068,987	0
8. Net underwriting gain (loss) (Line 24)	(1,784,195)	474,604	885,467	758,974	0
9. Net investment gain (loss) (Line 27)	91,819	121,320	148,947	169,345	0
10. Total other income (Lines 28 plus 29)	0	88,472	400,012	0	0
11. Net income (loss) (Line 32)	(1,692,376)	684,396	1,434,426	928,319	0
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital.....	1,547,849	3,421,455	3,054,750	1,728,632	0
13. Authorized control level risk-based capital.....	1,529,224	1,260,656	918,931	647,123	0
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	11,344	9,592	7,146	5,528	0
15. Total member months (Column 6, Line 7)	127,648	102,782	80,237	60,175	0
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	88.9	86.4	81.4	80.4	0.0
18. Total underwriting deductions (Line 23)	103.3	97.6	93.6	91.9	0.0
19. Total underwriting gain (loss) (Line 24)	(7.6)	2.4	6.4	8.1	0.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	6,722,485	3,101,910	2,167,081	0	0
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	6,466,711	3,117,166	2,563,235	0	0
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

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SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds				
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks				

(a) The aggregate value of bonds which are valued at other than actual fair value is \$

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year

2. Cost of bonds and stocks acquired, Column 6, Part 3

3. Increase (decrease) by adjustment:

3.1 Column 16, Part 1

3.2 Column 12, Part 2, Sec. 1

3.3 Column 10, Part 2, Sec. 2

3.4 Column 10, Part 4

4. Total gain (loss), Col. 14, Part 4

5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4
6. Foreign Exchange Adjustment:

1 Column 17, Part 1

2 Column 13, Part 2, Sec. 1

3 Column 11, Part 2, Sec. 2

4 Column 11, Part 4

7. Book/adjusted carrying value at end of current period

8. Total valuation allowance

9. Subtotal (Lines 7 plus 8)

10. Total nonadmitted amounts

11. Statement value of bonds and stocks, current period

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SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit Type Contract Funds	Property/ Casualty Premiums
1.	Alabama.....AL	No	No						
2.	Alaska.....AK	No	No						
3.	Arizona.....AZ	No	No						
4.	Arkansas.....AR	No	No						
5.	California.....CA	No	No						
6.	Colorado.....CO	No	No						
7.	Connecticut.....CT	No	No						
8.	Delaware.....DE	No	No						
9.	District of Columbia.....DC	No	No						
10.	Florida.....FL	No	No						
11.	Georgia.....GA	No	No						
12.	Hawaii.....HI	No	No						
13.	Idaho.....ID	No	No						
14.	Illinois.....IL	No	No						
15.	Indiana.....IN	No	No						
16.	Iowa.....IA	No	No						
17.	Kansas.....KS	No	No						
18.	Kentucky.....KY	No	No						
19.	Louisiana.....LA	No	No						
20.	Maine.....ME	No	No						
21.	Maryland.....MD	No	No						
22.	Massachusetts.....MA	No	No						
23.	Michigan.....MI	No	Yes			23,697,205			
24.	Minnesota.....MN	No	No						
25.	Mississippi.....MS	No	No						
26.	Missouri.....MO	No	No						
27.	Montana.....MT	No	No						
28.	Nebraska.....NE	No	No						
29.	Nevada.....NV	No	No						
30.	New Hampshire.....NH	No	No						
31.	New Jersey.....NJ	No	No						
32.	New Mexico.....NM	No	No						
33.	New York.....NY	No	No						
34.	North Carolina.....NC	No	No						
35.	North Dakota.....ND	No	No						
36.	Ohio.....OH	No	No						
37.	Oklahoma.....OK	No	No						
38.	Oregon.....OR	No	No						
39.	Pennsylvania.....PA	No	No						
40.	Rhode Island.....RI	No	No						
41.	South Carolina.....SC	No	No						
42.	South Dakota.....SD	No	No						
43.	Tennessee.....TN	No	No						
44.	Texas.....TX	No	No						
45.	Utah.....UT	No	No						
46.	Vermont.....VT	No	No						
47.	Virginia.....VA	No	No						
48.	Washington.....WA	No	No						
49.	West Virginia.....WV	No	No						
50.	Wisconsin.....WI	No	No						
51.	Wyoming.....WY	No	No						
52.	American Samoa.....AS	No	No						
53.	Guam.....GU	No	No						
54.	Puerto Rico.....PR	No	No						
55.	U.S. Virgin Islands.....VI	No	No						
56.	Canada.....CN	No	No						
57.	Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
58.	Total (Direct Business)	XXX	(a) 1	0	0	23,697,205	0	0	0
DETAILS OF WRITE-INS									
5701.	.....							
5702.	.....							
5703.	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and Other Alien.
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY
GROUP

PART 1 - ORGANIZATIONAL CHART

